

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 SAL-01 OMB-01 IGA-02 L-03 AGR-20 RSR-01

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R 152025 Z MAR 73

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 7700

UNCLAS SANTO DOMINGO 1193

E. O. 11652: N/ A

TAGS: EAID, DR

SUBJECT: GODR IMPORT TAXES ON PL 480 TITLE I COMMODITIES

1. A RECENT AG AUDIT HAS RAISED A QUESTION AS TO WHETHER IMPORT DUTIES SHOULD BE CONSIDERED " PROCEEDS" IN THE SENSE THAT THIS WORD IS USED IN THE DOLLAR CREDIT ANNEX OF PL 480 TITLE I AGREEMENTS AND THUS BE DEPOSITABLE IN SPECIAL ACCOUNT. IMPORT DUTIES HAVE BEEN COLLECTED BY DOMINICAN GOVERNMENT ON TALLOW AND TOBACCO IMPORTED UNDER SEVERAL RECENT- YEAR TITLE I PROGRAMS. TOTAL DUTIES COLLECTED AMOUNTED TO SEVERAL MILLION DOMINICAN PESOS.
 2. UP TO PRESENT, MISSION HAS NOT CONSIDERED THESE DUTIES TO BE PART OF " PROCEEDS" AND THEY HAVE NOT BEEN DEPOSITED TO THE SPECIAL PL 480 ACCOUNT. WITHOUT INCLUSION OF IMPORT DUTIES, DEPOSITS TO SPECIAL ACCOUNT HAVE MET REQUIREMENT THAT THEY TOTAL AT LEAST AS MUCH AS LOCAL CURRENCY EQUIVALENT OF DOLLAR DISBURSEMENTS BY USG FOR COMMODITIES IMPORTED UNDER TITLE I PROGRAMS.
 3. ON SIGNING THE TITLE I AGREEMENTS UNDER WHICH DUTY- PAYING COMMODITIES WERE IMPORTED, NEITHER THE U. S. NOR THE DOMINICAN PARTIES INTERPRETED THE WORD " PROCEEDS" TO INCLUDE IMPORT DUTY COLLECTIONS.
 4. NEVERTHELESS, MISSION WOULD APPRECIATE JUDGMENT OF AID/ W
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AND USDA AS TO WHETHER IMPORT DUTIES COLLECTED ON COMMODITIES IMPORTED UNDER PREVIOUS PL 480 TITLE I AGREEMENTS SHOULD BE INCLUDED IN DEFINITION OF " PROCEEDS" AND THUS BE DEPOSITED RETROACTIVELY IN THE SPECIAL ACCOUNT. IN ADDITION, MISSION WOULD APPRECIATE RECEIVING JUDGMENT OF WASHINGTON AGENCIES ON WHETHER IN FUTURE TITLE I AGREEMENTS THESE IMPORT DUTIES SHOULD BE ACCOUNTED FOR.

5. IF WASHINGTON AGENCIES DECIDE IMPORT DUTIES PAID ON TITLE I IMPORTS UNDER PREVIOUS AGREEMENTS SHOULD BE DEPOSITED RETROACTIVELY, MISSION URGES STRONGLY THAT WE BE GRANTED A WAIVER FROM THIS REQUIREMENT. IT WOULD BE DAMAGING TO U. S.-DOMINICAN RELATIONS IF WE HAD TO ATTEMPT TO REQUIRE THE DEPOSIT OF MILLIONS OF ADDITIONAL PESOS FROM THE GODR FOR OBLIGATIONS THEY DO NOT NOW BELIEVE THEY HAVE. DIFFICULTY WOULD BE INCREASED AS WELL BY FACT THAT COLLECTIONS WOULD HAVE TO BE MADE AT TIME WHEN WE ARE CONTINUING PROCESS OF REDUCING OUR BILATERAL ASSISTANCE TO GODR.

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SANTO01193
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SANTO DOMINGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730329/aaaahuxp.tel
Line Count: 87
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 19 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Nov-2001 by hagers>; APPROVED <27 FEB 2002 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 971204
Subject: GODR IMPORT TAXES ON PL 480 TITLE I COMMODITIES
TAGS: EAID, DR
To: ARA
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005